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**THREE HARVEY PARK DISTRICT OFFICIALS INDICTED IN
ALLEGED \$144,000 CREDIT CARD MISUSE FRAUD SCHEME**

CHICAGO – The elected president of the Harvey Park District and its two top administrators were arrested today by FBI agents on federal charges for allegedly misapplying approximately \$144,000 in park funds for non-public purposes by using district credit cards to pay for personal expenses. In addition to the credit card misuse, the defendants allegedly illegally obtained personal services and cash payments from park district vendors. All three defendants were charged in an 11-count indictment that was returned by a federal grand jury on Tuesday and unsealed following the arrests this morning, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation.

Each defendant was charged with three counts of wire fraud and one count of theft of government funds. All three are scheduled to be arraigned at 10:30 a.m. today before U.S. District Judge Charles Norgle in Federal Court in Chicago. They are: **Julius Patterson**, 51, of Harvey, who was first elected to the Park District board in 1999 and became president in 2001, and who is also president of the Harvey Public Library District board of trustees; **Kendall Parrott**, 48, of Markham,

who was appointed director of the Park District in 2001; and **Linda Hudson**, 47, of Harvey, who joined the park district in 2003 and was appointed assistant director in 2004.

The indictment also seeks forfeiture of \$144,035.92 from all three defendants.

“It is a sad state of affairs when citizens of a community, particularly youths, are cheated out of already scarce funds meant for playgrounds, ballparks and recreational programs by the people chosen to be entrusted with those funds,” Mr. Fitzgerald said.

According to the indictment, Patterson, Parrott and Hudson each obtained corporate credit cards in the name of the Harvey Park District (HPD) that were to be used solely for business-related expenses. Instead, they allegedly converted and misapplied public park funds for their own personal expenses, depriving the south suburb and its citizens of their honest services between at least November 2002 and October 2004. For example, the indictment alleges that:

- ▶ Hudson instructed park district employees during business hours to drive her to various retail establishments, including shopping malls, nail salons and restaurants, where she used her HPD credit card to purchase items while the employees waited for her before she instructed them to drive her home or back to work;
- ▶ Parrott used his HPD credit card for various personal expenses for himself and his family, including automotive parts and repairs, campaign expenses and prescription medications; and
- ▶ Patterson used his HPD credit card for personal items such as clothing.

After all three defendants used their HPD credit cards for personal expenses, Parrott allegedly concealed the scheme in part by instructing park district Employee A that the items should be classified in the district’s accounting books as genuine park district purchases, such as “board-related expenses” or “special events.”

As part of the fraud scheme, Hudson allegedly directed Vendor A to perform landscaping work at her home. After Vendor A told Hudson and Parrott what the cost would be, Parrott allegedly instructed Vendor A to bill the HPD for the work and the district paid for the services. Parrott also directed Vendor A to perform work at one of Patterson's homes and bill the park district, which paid for the services, the indictment alleges.

Patterson allegedly instructed Vendor B to perform automotive work on his and Parrott's personal vehicles and bill the park district, which then paid for the services. Patterson also allegedly provided payments to Vendor C in excess of the amount that Vendor C had proposed to charge the district for the services provided. The indictment alleges that on some occasions, Patterson instructed Vendor C to kick back cash to him from the inflated district payments, while on other occasions, Patterson instructed Vendor C to increase the amount of his bid and then kick back the increased amount to him.

After HPD accountants asked for specific documentation for certain expenses, Hudson and Patterson allegedly attempted to conceal the fraud scheme in part by directing the creation of fraudulent invoices to be submitted to the accountants. After Employee B assisted Hudson with the creation of fraudulent invoices, Hudson authorized a bonus payment to Employee B from the district's payroll account, according to the indictment.

In addition, Hudson, Parrott and Patterson each allegedly directed HPD employees to perform personal services during their scheduled work hours, including repairing Hudson's garage door, repairing a fence and painting the inside of her home; removing garbage from Parrott's home and setting up a tent in his yard; and performing yard work and removing appliances from various

properties that Patterson owned. Hudson also allegedly directed payments from HPD payroll accounts to her family members even though they did not perform any work to justify the payments.

In a further effort to conceal the scheme, Hudson and Parrott allegedly hid evidence – including credit card statements, payroll records and receipts – in two backpacks and gave the backpacks to Individual A with instructions to hide them.

The government is being represented by Assistant U.S. Attorneys M. David Weisman and April Perry.

If convicted, each count of wire fraud carries a maximum penalty of 20 years in prison and theft of government funds carries a maximum of 10 years in prison, and all charges carry a maximum fine of \$250,000 on each count. Restitution is mandatory. The Court, however, would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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